34   The above-entitled matter came on for hearing on Wednesday,

35October 24, 2007, commencing at 1:20 p.m., at the U.S. Patent and

36Trademark Office, 600 Dulany Street, Alexandria, Virginia, before

37Dawn A. Brown, Notary Registration No. 7066896, Notary Public.

1   P R O C E E D I N G S

2   THE CLERK: Calendar Number 28, Appeal Number 2007-2117.

3And the attorney is Mr. Mitch Bigel.

4   JUDGE MacDONALD: Have you been here before, Mr. Bigel?

5   MR. BIGEL: Not to the new facility.

6   JUDGE MacDONALD: But you know you have 20 minutes?

7   MR. BIGEL: Yes.

8   JUDGE MacDONALD: And if we interrupt you with questions,

9you'll get a little more time.

10   Start whenever you're ready.

11   MR. BIGEL: Okay. I wanted to first tell you why I was here. I

12thought the briefing did a good job explaining why the obviousness rejection

13in this case should be reversed. But the briefs in this case were all filed

14before the Supreme Court handed down its KSR decision.

15   So I thought I could add some value here by updating the analysis in

16the briefs with the KSR decision and the decisions of the board since KSR.

17So that is what I thought I would do, if that is okay.

18   JUDGE MacDONALD: Go ahead.

19   MR. BIGEL: So here is my analysis in view of KSR. KSR says

20many things about obviousness clearly. One of the things KSR does

21emphasize is that common sense isn't an excuse to use hindsight by using the

22claims as a road map.

23   And I'm sure you're familiar with the quote in KSR on page 17 of

24KSR where they quote Graham v. Deer, and they say you can't use hindsight

25as a roadmap -- as an excuse. I'm sorry. You can't use common sense as an

26excuse for hindsight using the claims as a roadmap.

1   Since KSR, the board seems to have followed that rationale. The

2board, I think, has repeatedly held that someone having common sense

3wouldn't have looked to a secondary reference to solve a problem that is

4already solved by the primary reference. And I found three decisions of the

5board that seem to consistently follow that logic.

6   The first decision is *Ex parte* Rinkevich, which is board decision

72007-1317 at page 9. The second one is *Ex parte* Hendrick, 2007-2519 at

8page 8. And the third is *Ex parte* Green, again, 2007-1271 at page 50.

9   I can quote all the language for you if you want. I've got the decisions

10here, but in all three of them they said a person having common sense

11wouldn't look to a secondary reference to solve a problem that has already

12been solved by the primary reference.

13   From my perspective, that is what has been done in this case. So I'll

14explain why that is the case here.

15   JUDGE MacDONALD: Yeah, please do.

16   MR. BIGEL: Our claims relate to a credit card-transaction processing

17center. The credit card-transaction processing center has two parts to it. The

18first is an authorization system; the second part is a monitoring or alerting

19system.

20   The authorization system is what gets in the request for a transaction

21from a point of sale, looks at the request, sees if the transaction is authorized

22and then sends back an indication from the point-of-sale system yes the

23transaction is authorized or no, the transaction is not authorized. That is the

24authorization system.

25   JUDGE MacDONALD: That is pretty much the conventional

26process.

1   MR. BIGEL: Absolutely. The second piece is a monitoring system.

2The monitoring system says whether or not the transaction is going to go

3through. In either case, the ultimate payer of the credit card gets an alert or

4notification message. Our claims talk about what is in that notification

5message. Okay?

6   So the primary reference is an patent called Blonder. It is 5708422.

7Very well written patent, very detailed, very lengthy. Eight pages of

8detailed flowcharts describing an authorization system and a monitoring

9system.

10   And in fact, if you look at Blonder, there is a figure, Figure 5, that

11describes an alert message in gory detail. But our alert messages are not

12described nor suggested. There is no description or claimed alert messages.

13   JUDGE MacDONALD: Let me stop you there. That is where I have

14a concern in that, why would the content of the message distinguish over the

15prior art? We've had several cases established at our website dealing with

16nonfunctional descriptive material. In other words, the function of the

17system or the sending of a message doesn't change based on the content of

18the message.

19   They're published as informative decisions simply because those

20appeals went to the CAFC under Rule 36. So they didn't see there was

21anything to add to our decision. I'm concerned that your primary argument

22is we distinguish over the prior art based on the content of the message, or at

23least that is what it appears.

24   MR. BIGEL: That is what I'm arguing to you. That is the whole

25thrust of the prosecution.

1   JUDGE LUCAS: And one message says, Call the police, and another

2says --

3   MR. BIGEL: -- Call help center.

4   JUDGE LUCAS: Call help center. And the reference says, Call a

5taxi.

6   MR. BIGEL: Excuse me?

7   JUDGE LUCAS: And if there is a reference that discloses, Call a taxi

8-- just a simple statement, Your card has been charged.

9   MR. BIGEL: This reference says, You used your card in more than

1028 transactions in the last 24 hours. That is an example of the message.

11   JUDGE LUCAS: Your charging limit was exceeded.

12   MR. BIGEL: Exactly.

13   JUDGE LUCAS: Your reference says something else.

14   MR. BIGEL: My claims.

15   JUDGE LUCAS: Call -- here's a help-line number, I think.

16   MR. BIGEL: Exactly.

17   JUDGE LUCAS: This is -- why should we give weight? This is

18Judge MacDonald's point. Why should we give weight to the different

19words when a message is a message?

20   MR. BIGEL: I thought every word of the claim needs to be given

21weight.

22   JUDGE MacDONALD: Except nonfunctional descriptive material.

23That is an example where it isn't given weight. It has to be considered, but

24the consideration was the content of the message isn't changing the functions

25around in the claim; therefore, it is nonfunctional descriptive material.

1   MR. BIGEL: It would certainly change the way the user would
2interact with the system in case of a notification.

3   JUDGE MacDONALD: Certainly, after the claim was finished, the
4user might do things. That tends to be one of the types of situations we see
5where there are other steps that would be performed, but those are not
6claimed.

7   So those functions cannot possibly be changed by the content of the
8message. It is not the content of the message can never change the
9functions; I don't see any functions here that would be changed by it. So...

10   JUDGE LUCAS: If --

11   MR. BIGEL: You're raising things, frankly, that didn't -- I mean, that
12is your function. You're raising things that weren't considered by the Board
13-- during the prosecution, I'm sorry. And I've always acted on the
14assumption that all of those words would have meaning in the context of a
15credit card-transaction processing system.

16   JUDGE LUCAS: Send a message that says X. Would give credit
17there is a message that says X. We find the reference that says send a
18message that says Y.

19   MR. BIGEL: Uh-huh.

20   JUDGE LUCAS: Is that a good reference? Well, the question
21depends upon whether the message is functional or nonfunctional. In other
22words, does something change in the claimed subject matter because of the
23nature of the message?

24   JUDGE MacDONALD: An example being you send a message there
25is criminal activity, and then the seller's -- a light goes on at the seller's
26location to indicate this is a criminal activity.

1   MR. BIGEL: That is not in our claims.

2   JUDGE MacDONALD: Exactly. But that is an example of how the
3information can cause a functional change to occur.

4   MR. BIGEL: Okay. Okay. All right.

5   JUDGE MacDONALD: The two cases that you might want to look at
6are Mathias -- they're posted at the board's website -- and the other is Curry
7with a C, C-U-R-R-Y.

8   MR. BIGEL: Okay.

9   JUDGE COURTENAY: The only question I have is in your briefs,
10you argue that functional language that is in your claims occurs in the
11particular order, that is how I see the order in the primary reference. But
12looking at your claim, I see the words "substantially simultaneously" in your
13claims.

14   MR. BIGEL: Substantially simultaneously with --

15   JUDGE COURTENAY: Looking at Claim 56 you recite a monitoring
16system is configured to send a notification message of the commercial
17transaction to a payer of the commercial transaction substantially
18simultaneously with the sending of the authorization.

19   So reading that claim broadly but reasonably in a manner fully
20consistent with the specification, it appears it can occur -- the scope of the
21claim can cover either/or whether you have authorization first followed by
22monitoring or vice versa.

23   MR. BIGEL: But the authorization indicator has to exist, which
24implies it can't occur before the authorization indicator exists, before the
25system makes up its mind is the transaction authorized or not.

1   JUDGE COURTENAY: But you have the words "substantially

2simultaneously."

3   MR. BIGEL: Right. But I think the words that the claim precluded it

4from happening before because it doesn't exist.

5   JUDGE MacDONALD: Before the determining step, not before the

6sending step in the first part.

7   MR. BIGEL: Before the determining step.

8   JUDGE MacDONALD: Okay, yeah.

9   MR. BIGEL: The primary reference, I think this is what you're

10getting at. In the primary reference, he has got a monitoring system, but his

11monitoring system is different than ours in that his monitoring system really

12is part of the authorization for the transaction. His monitoring, that is very

13subtle. But his monitoring system is part of the whole authorization system.

14   Ours is saying, hey, the transaction may have gone through, it may not

15have gone through, but there is reason to send a separate notification to the

16ultimate payer of the card. That is a difference. I argued it in the reply brief.

17   I wasn't going to reargue it here because I didn't want to reargue, but

18you're right. That is a subtle but significant difference between the reference

19and what we're claiming.

20   JUDGE MacDONALD: Any other questions? Do you have anything

21more you want to add?

22   MR. BIGEL: No. This has been very educational for me.

23   JUDGE COURTENAY: I do have one more question. How would

24you address the argument that we have here, just a combination of familiar

25elements that are combined using known methods to achieve a predictable

26result in light of KSR?

1   MR. BIGEL: My argument would be yes. Once you read the claims,

2that is true. I mean, we're talking about credit card-transaction processing.

3Everyone is familiar with those things.

4   But, again, if you look at the primary reference and you say, okay,

5we're ready, authorizing or not authorizing the transaction, but we're sending

6a separate notification message, which may have value to the ultimate payer

7of the card independent of whether a transaction is authorized or not.

8   That is not -- even though messages and authorizations and credit

9cards are well known, the only way you would get to that is by reading our

10claims. That would be my response.

11   JUDGE MacDONALD: Anything else?

12   JUDGE COURTENAY: That is it.

13   JUDGE LUCAS: Thank you very much.

14   MR. BIGEL: Bye. Thank you.

15   (Whereupon, the proceedings at 1:33 p.m. were concluded.)

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